



CLEAN AIR ACT POLICIES AND GREEN POWER MARKETS

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OVERVIEW

- Clean Air Act (CAA) Framework
- CAA Policies as Market Drivers
- MWCOG Case Study
- Potential Market Opportunities
- Necessary Policy Changes
- Related Marketing Innovations

CLEAN AIR ACT FRAMEWORK

- Act drafted without renewable energy in mind
- CAA requires regional air quality plans (State Implementation Plans or SIPs)
- EPA has never approved green power as an air pollution control measure under a SIP
- “Window of opportunity” created by the new quantification methods and 8-hour ozone standard

CAA POLICIES AS MARKET DRIVERS

- State and local governments choose from a wide range of air pollution control measures
- Emission reductions from traditional control measures largely exhausted
- States and municipalities, particularly in East and Midwest, increasingly interested in green power for air quality benefits
- Lowering NO_x emissions results in reduced ozone problems

CAA POLICIES AS MARKET DRIVERS

- State and local governments are a key market for green power
 - Increasing market demand is the “linchpin” for wind power development
 - Wind plants are financed based on the future revenue stream from wind purchases
 - Municipalities and states often serve as important “anchor” customers (e.g., City of Chicago)

MWCOG CASE STUDY

- Metropolitan Washington (MW) area (MD-DC-VA) designated as “severe” ozone non-attainment area under 1-hour standard
- Met. Wash. Council of Governments (COG) required to submit revised regional air quality plan (SIP) to EPA Region III by March 2004
- Case demonstrates market potential of SIP emissions reduction credit under the CAA

MWCOG CASE STUDY

- Montgomery Co., MD joined Green Power Partnership in 2002
- MD and Mont. Co. convinced MWCOG to include regional wind purchase provision in revised SIP
- Mont. Co. seeking to purchase 5% of its energy from wind and seeking to recruit other counties and States in region to “ride” its procurement

MWCOG CASE STUDY

- Pre-qualification process for potential bidders expected to begin this fall
- Contract planned by July 2004
- Energy conservation dollar savings planned to counter “green power” premium

NECESSARY ACTION

- EPA cooperation with State and local governments to work through complex issues and establish first precedent
- EPA issuance of guidance and training for Regions and States
- Development of model documentation

POTENTIAL MARKET OPPORTUNITIES

- **Metropolitan Washington Area** -- 10 counties, 2 State governments, D.C., and 12 cities.
- **Early Action Compact Areas in East and Midwest** – e.g., Berkeley and Jefferson Cos., WV; Winchester/Frederick Co., VA

POTENTIAL MARKET OPPORTUNITIES

- **Regional air quality plans to meet EPA's more stringent 8-hour ozone standard**
 - Marketing window of opportunity in next few years
 - Wind energy as important option
 - SIP plans due April 2007
- **Overall** – CAA can be key market driver, particularly in States in East and Midwest with major ozone problems and no RPS

RELATED MARKETING INNOVATIONS

- Promote increased cost-effectiveness of wind purchases through:
 - Bundling with energy efficiency and innovative financing approaches
 - Blending with landfill gas & other lower-priced renewable energy



QUESTIONS

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